

Br# 7 Cashiers Check



State Bank
OF SOUTHERN UTAH

377 North Main
Cedar City, Utah 84720
(435) 865-2300

97-177/1243

675860

Remitter: LYLE JESSOP
Purpose: PENNY BERRY

Void Three Years From:
Date January 18, 2011

Pay To DEPARTMENT OF NATURAL RESOURCES
The Order Of

\$*****1,000.00

ONE THOUSAND AND 00/100

Dollars

Cashiers Check



Quinn Thornton
Authorized Signature

Cash RECEIPT

MINERALS BONDS

Date 1-24-2011

Amount \$ 1,000⁰⁰
Check # 675860

Permit Number	<u>80270116</u>
Operator	<u>Hawk Eye LLC</u>
For/Memo	<u>first pymt on Surety</u>
Signature	<u>Penny Berry</u>

Payment Schedule for Hawk Eye LLC

S/027/0116

Table X

Authorized Signature and Date Payment Received	Number	Due Date (by)	Payment Amount	Additional Pmt.	Total Received
OK # 675860 \$ 1,000.00	1	January 20, 2011	\$1,000.00		\$1,000.00
	2	February 20, 2011	\$800.00		\$0
	3	March 20, 2011	\$800.00		\$0
	4	April 20, 2011	\$800.00		\$0
	5	May 20, 2011	\$800.00		\$0
	6	June 20, 2011	\$800.00		\$0
	7	July 20, 2011	\$800.00		\$0
		August 20, 2011	\$800.00	\$0	\$
		September 20, 2011	\$800.00		

Total amount required for one acre of disturbance: \$7400.00

I agree to the amounts identified in this payment schedule as shown on Table X and will abide by the payment criteria. I understand all mine sites must be adequately bonded. The Division will hold the payments in escrow until the Notice of Intention to Commence Small Mining Operations is complete, the total surety amount has been submitted, and

there is one acre of disturbance.

Operator _____
Signature

Date _____

Agreed and Approved by Division:

Division Director _____
Signature

Date _____

O:\M027-Millard\S0270116-MultiColoredGreen\bond\paymentschedule-a.rtf

S0270116
S0270116



Penny Berry <pennyberry@utah.gov>

Pitchfork Springs (S/027/0033) & Multicolored Green (S/027/0116)

2 messages

Peter Brinton <peterbrinton@utah.gov>

Wed, Apr 18, 2012 at 9:18 AM

To: "Baker, Paul" <paulbaker@utah.gov>, "Berry, Penny" <PENNYBERRY@utah.gov>

Paul,

I just spoke with Lyle Jessop, who says that he wants to cancel his Multicolored Green permit application with us at Dale's Pitchfork Springs site, since he doesn't want to take on the existing reclamation liability at the site. I asked him to send us a letter requesting we cancel his application, and that we would then send him back his check. FYI.

I think we all agree that either more bond (or reclamation down to the current \$6,800 held by DOGM) is needed. Lyle brought up the scenario of creating a community pit, and I told him that would be the BLM's call. Lyle has his trackhoe on the site, and he is available (and would like) to do work. I told him he doesn't have any obligation with us to do any reclamation.

Do we want to let Dale know now that bond and/or reclamation will be required, giving him an opportunity to use Lyle while he has his equipment at the site?

Peter

Peter Brinton
Environmental Scientist/Engineer II
Utah Division of Oil, Gas & Mining
Office Phone: 801-538-5258
General Days: M - Th, Every Other Friday
General Hours: 7:30am - 5:00pm

Penny Berry <PENNYBERRY@utah.gov>

Wed, Apr 18, 2012 at 9:18 AM

To: pennyberry@g.utah.gov

[Quoted text hidden]

[Quoted text hidden]

Penny Berry - Re: S0270116 Hawk Eye LLC & missing Drachuk bond

From: Peter Brinton
To: Penny Berry
Date: 2/24/2011 5:14 PM
Subject: Re: S0270116 Hawk Eye LLC & missing Drachuk bond

Hi Penny
I will put Lyle Jessop on my list to call. Thanks.

Also, regarding ML 42750 (S/027/0014, the Bob Drachuk permit with the bond that we don't have paperwork for), Will Stokes said that he will try to find his list of 1st Security bonds that were supposedly transferred over to us to see if this one is on his list. He says Wells Fargo should hold it, since they bought out 1st Security. I don't know if that helps. He said he'd get back to me on Monday or so when he has the list. I'll try to get a copy of his list if I can.

Peter

Peter Brinton
Environmental Scientist II
Utah Division of Oil, Gas & Mining
Office Phone: 801-538-5258
>>> Penny Berry 2/24/2011 4:42 PM >>>
Hi Peter,

We sent a payment schedule for the operator to sign and return, we have not received it. I have noticed that the operator was suppose to provide a second payment of \$800.00 by the 2/20/2011 and we have not received it. Please call the operator. Thanks.



GARY R. HERBERT
Governor

GREGORY S. BELL
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

February 1, 2011

CERTIFIED RETURN RECEIPT
7005 2570 0000 4801 6263

Lyle Jessop
Hawk Eye LLC
P.O. Box 1459
Hilldale, Utah 84784-1459

Subject: Tentative Surety Payment Schedule, Hawk Eye LLC, Multicolored Green, S/027/0116, Millard County, Utah

Dear Mr. Jessop:

Thank you for submitting the first installment of \$1,000.00 towards your reclamation surety for the proposed one-acre disturbance at the Multicolored Green mine (S/027/0116). The Division will deposit this and future surety installments towards your required bond of \$7,400.00 into an interest-earning account.

Attached is the proposed surety payment schedule as discussed over the phone with Penny Berry (bond coordinator) and Peter Brinton (lead inspector). We want to remind you that you have no contractual obligation with the Division to meet this payment schedule. It has been arranged strictly to facilitate the full surety payment required before the permit can be issued to you. The operator at this site is Dale Rogers who is responsible for all obligations, including reclamation, until it is either reclaimed or permitted, including bonding, to another entity.

Additional information is still needed to complete the Notice of Intention to Commence Small Mining Operations (NOI), including a re-submitted NOI form and two maps. We have provided specific instructions to direct you through this process in a letter dated November 30, 2010, and also by email on January 26, 2011.

As discussed in your recent phone calls with Peter Brinton, the annual permit fee of \$150.00 is also required prior to issuing the permit and should be submitted with your revised NOI. Once the full surety amount of \$7,400.00, the annual fees, and the necessary permit information have been provided, we will ask you to sign a reclamation contract requiring post-mining reclamation of your future operation. Once this document is signed, you will be authorized to begin mining operations. The surety amount shown is for a disturbed area of one acre.

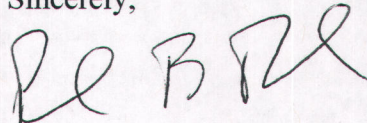


Page 2 of 2
Lyle Jessop
S/027/0116
February 1, 2011

Please contact the bond coordinator, Penny Berry, at 801-538-5291 or by e mail at bondcoordinator@utah.gov if you have any additional questions about this schedule or other surety matters.

Thank you for your willingness to discuss your surety requirements with us. If you have any questions concerning this letter, please contact Peter Brinton at 801-538-5258 or me at 801-538-5261.

Sincerely,

A handwritten signature in black ink, appearing to read 'P B B', is written over the printed name.

Paul B. Baker
Mining Program Manager

PBB:pnb:pb

Attachment: Payment Schedule for Hawk Eye LLC

P:\GROUPS\MINERALS\WP\M027-Millard\S0270116-MultiColoredGreen\final\ltr-payments-01312011.docx

Payment Schedule for Hawk Eye LLC

S/027/0116

Table X

Authorized Signature and Date Payment Received	Number	Due Date (by)	Payment Amount	Additional Pmt.	Total Received
<i>Penny Berry 1/20/2011 Check # 675860</i>	1	January 20, 2011	\$1,000.00		\$1,000.00
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Total amount required for one acre of disturbance: \$7400.00

I agree to the amounts identified in this payment schedule as shown on Table X and will abide by the payment criteria. I understand all mine sites must be adequately bonded. The Division will hold the payments in escrow until the Notice of Intention to Commence Small Mining Operations is complete, the total surety amount has been submitted, and

there is one acre of disturbance.

Operator _____
Signature

Date _____

Agreed and Approved by Division:

Division Director _____
Signature

Date _____

O:\M027-Millard\S0270116-MultiColoredGreen\bond\paymentschedule-a.rtf

Br# 7 Cashiers Check



State Bank
OF SOUTHERN UTAH

377 North Main
Cedar City, Utah 84720
(435) 865-2300

97-177/1243

675860

Remitter: LYLE JESSOP

Purpose: PENNY BERRY

Void Three Years From:

Date January 18, 2011

Pay To
The Order Of

DEPARTMENT OF NATURAL RESOURCES

\$*****1,000.00

ONE THOUSAND AND 00/100

Dollars

Cashiers Check

ORIGINAL CHECK
ROUTED TO ACCOUNTING



Quinn Thornton
Authorized Signature

RECEIVED

JAN 20 2011

DIV. OF OIL, GAS & MINING

S0270116

Hawk Eye LLC
Multi Colored
green

Peter

538-5258

Lyle Jessup will
call to arrange a
partial payment for a
bond on his NOT.
(Multi colored green
S0270116?) Peter

800
Send MRRC at the
end of the pmts.

Penny Berry - Multicolored Green S0270116 letter

From: Peter Brinton
To: Paul Baker
Date: 1/31/2011 3:17 PM
Subject: Multicolored Green S0270116 letter

Paul,

On the O:/ drive in the Multicolored Green folder (S0270116), there's a draft letter for your review in response to Lyle Jessop's first bond payment of \$1000. With it, we plan to send the tentative bond payment schedule attached from Penny.

One slight concern. Dale says that Lyle won't be able to operate with just 1 acre of disturbance. About 3/4 acre of disturbed acreage is road, leaving little acreage to operate in. Lyle is planning to reclaim to 1 acre this winter/spring sometime, but might not be aware that the road is part of disturbance. I think John might not have realized it either. So I'm thinking we should bond for 2 acres, another \$4,400.

Also, assuming the bond doesn't come in quickly, Lyle may want to mine for Dale on Dale's permit, if Dale allows it. He's obviously underbonded.

Peter

Peter Brinton
Environmental Scientist II
Utah Division of Oil, Gas & Mining
Office Phone: 801-538-5258

Lyle,

Here is the letter (see the attachment) that we sent out in November to inform you of additional information that is needed before we can approve the permit transfer from Dale Rogers. The requested information and two maps are needed, together with the minimum bond amount (\$7400), as we have discussed.

You will need to fill out new NOI forms as well, since we need additional information. Print them out the new forms found at this link (https://fs.ogm.utah.gov/pub/mines/minerals_related/forms/MR-SMO.pdf) and make the corrections noted in our November response letter. I've also attached your forms which you submitted last year for reference.

I'm still thinking about the maps, and will get back to you with more information. Maybe it would be best to wait until you are reclaiming back to 1 acre and I can visit before I send you more map resources.

Let me know if you have any questions about our request for more info.

Peter

526-88-6622

Peter Brinton
Environmental Scientist II
Utah Division of Oil, Gas & Mining
Office Phone: 801-538-5258

Penny Berry - Re: Lyle Jessop S0270116

From: Peter Brinton
To: Penny Berry
Date: 1/24/2011 3:13 PM
Subject: Re: Lyle Jessop S0270116

Thanks. \$7400 is the amount that Lyle agreed to pay, so that would mean we would have the full amount near September if all goes as planned.

Peter

Peter Brinton
Environmental Scientist II
Utah Division of Oil, Gas & Mining
Office Phone: 801-538-5258
>>> Penny Berry 1/24/2011 12:09 PM >>>
Hi Peter,

Since we have received the cashier's check in the amount of \$1,000 I am preparing a payment schedule. I just want to make sure...is the amount we are looking for the bond \$11,900? Please let me know. Thanks.

From: Paul Baker
To: Berry, Penny
Date: 1/25/2011 11:59 AM
Subject: Fwd: Re: S0270116 Multi Colored Green
Attachments: Re: S0270116 Multi Colored Green

Peter is going to write a letter to Lyle about this. Lyle has no obligation to provide the surety to us unless he's the permittee. He also has no rights except what Dale Rogers, as the permittee, may give him. We can put his money in an account, but he has several deficiencies to correct in the NOI before we give final approval.

Paul Baker
Minerals Program Manager
Utah Division of Oil, Gas and Mining
801-538-5261
Fax 801-359-3940

From: Paul Baker
To: Berry, Penny; Brinton, Peter
Date: 1/25/2011 10:55 AM
Subject: Re: S0270116 Multi Colored Green

In this case we still have Dale Rogers' money until Lyle Jessop has enough that we can release Dale's.

Paul Baker
Minerals Program Manager
Utah Division of Oil, Gas and Mining
801-538-5261
Fax 801-359-3940

>>> Penny Berry 1/25/2011 8:37 AM >>>
Hi Peter,

I have the payment schedule set up. The payment schedule pretty much covers the payments, but I feel as if we might want a payment schedule agreement (we do not have a macro). In this agreement I think it should be stated the operator is aware that he can't mine until the full amount has been received, also what could happen if he is caught mining without full surety and I'm sure there are things you might want to mention as well. This can be done in a letter format. Thanks.

Paul - what do you think?

Penny Berry - Fwd: Re: S0270116 Multi Colored Green

From: Peter Brinton
To: Penny Berry
Date: 1/25/2011 11:30 AM
Subject: Fwd: Re: S0270116 Multi Colored Green

Here are some thoughts I passed on to Paul. I'm wondering about a schedule with Lyle. I apologize if I've forgotten anything you've mentioned regarding this.

Peter

Peter Brinton
Environmental Scientist II
Utah Division of Oil, Gas & Mining
Office Phone: 801-538-5258
>>> Peter Brinton 1/25/2011 11:29 AM >>>
Paul,

I'm thinking about our schedule with Lyle to post a bond. Do we have a really good reason for asking Lyle to post money on a payment schedule, if his NOI isn't ready to approve? As I understand, he doesn't have any financial obligation with us until we are ready to approve the NOI, and he has a lot of deficiencies.

I think we should make it clear to Lyle that any schedule we set with him isn't really enforceable. (Unless we have a reason for asking that I don't understand yet, which may be the case).

Peter

Peter Brinton
Environmental Scientist II
Utah Division of Oil, Gas & Mining
Office Phone: 801-538-5258
>>> Paul Baker 1/25/2011 10:55 AM >>>

In this case we still have Dale Rogers' money until Lyle Jessop has enough that we can release Dale's.

Paul Baker
Minerals Program Manager
Utah Division of Oil, Gas and Mining
801-538-5261
Fax 801-359-3940

>>> Penny Berry 1/25/2011 8:37 AM >>>
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Paul - what do you think?

From: Paul Baker
To: Western, Wayne
CC: Berry, Penny
Date: 11/15/2010 5:21 PM
Subject: Multicolored Green

Wayne--

We have an SMO from Hawk Eye LLC, Lyle Jessop, and we need to respond. The NOI does not include a map and has other deficiencies I noticed by just glancing at it.

Here's the situation: This really should have been a permit transfer. Dale Rogers already has a permit for this area (Pitchfork Springs/Multicolor Green) and a bond for \$6800. The idea is for Lyle Jessop to make payments and eventually cover the amount of Dale's bond at which point we would release the \$6800. Lyle would also be reclaiming the area back to about two acres or less, so we would need a total of about \$12,000.

Anyway, it would be helpful if you could get a letter for Lyle. We can consider his NOI to be the one that will remain after the transfer, but we need the transfer documents.

Thanks.

Paul Baker
Minerals Program Manager
Utah Division of Oil, Gas and Mining
801-538-5261
Fax 801-359-3940

*** FAX TX REPORT ***

TRANSMISSION OK

JOB NO. 0718
DESTINATION ADDRESS 8019846060
SUBADDRESS
DESTINATION ID
ST. TIME 10/20 15:40
TX/RX TIME 00' 51
PGS. 6
RESULT OK



JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah
DEPARTMENT OF NATURAL RESOURCES
Division of Oil, Gas & Mining

MICHAEL R. STYLER
Executive Director

JOHN R. BAZA
Division Director

50270116

UTAH DIVISION OF OIL, GAS AND MINING
FACSIMILE COVER SHEET

DATE: 10/20/2010

FAX#: 435-874-1355 801-984-6060

ATTN: tyl Jessop Guyann

COMPANY: Hawk Eye LLC

NUMBER OF PAGES (INCLUDING THIS ONE): 6

FROM: Penny Berry - Dogm

If you do not receive all of the pages, or if they are illegible, please call (801) 538-5340.
We are sending from a sharp facsimile machine. Our telecopier number is (801) 359-3940.

MESSAGES: Any questions please call

801-538-5291 Thank you.



JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah
DEPARTMENT OF NATURAL RESOURCES
Division of Oil, Gas & Mining

MICHAEL R. STYLER
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Division Director

UTAH DIVISION OF OIL, GAS AND MINING
FACSIMILE COVER SHEET

DATE: 10/20/2010

FAX#: 435-874-1355 801-984-6060

ATTN: tyl Jessop Guyann

COMPANY: Hawk Eye LLC

NUMBER OF PAGES (INCLUDING THIS ONE): 6

FROM: Penny Berry - DGM

If you do not receive all of the pages, or if they are illegible, please call (801) 538-5340.
We are sending from a sharp facsimile machine. Our telecopier number is (801) 359-3940.

MESSAGES: Any questions please call

801-538-5291 Thank you.

Important: This message is intended for the use of the individual or entity to which it is addressed and may contain information that is privileged, confidential and exempt from disclosure under applicable law. If the reader of this message is not the intended recipient, you are hereby notified that any dissemination, distribution, or copying of this communication is strictly prohibited. If you have received this communication in error, please notify us immediately by telephone and return this original message to us at the above address via regular postal service. Thank you.

May 24, 2006

Bond Number _____
Surety NAIC No. _____
Permit Number _____
Mine Name _____

ATTACHMENT A
To
RECLAMATION CONTRACT
BETWEEN PRINCIPAL AND DIVISION

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
Division of Oil, Gas and Mining
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
Telephone: (801) 538-5291
Fax: (801) 359-3940

THE UTAH MINED LAND RECLAMATION ACT

SURETY BOND

The undersigned _____, as Principal,
a _____ organized under the laws of the State of _____ and
_____, as Surety, a _____
organized under the laws of the State of _____, hereby jointly and severally bind ourselves,
our heirs, administrators, executors, successors, and assigns, jointly and severally, unto the State of
Utah, Division of Oil, Gas and Mining ("Division") and _____
(other agency, if any) in the penal sum of _____
dollars (\$ _____).

This Surety Bond is provided to secure the obligations of the Principal, as set forth by the terms
and conditions of the Reclamation Contract, and any addendums thereto, to reclaim lands that will be
affected by mining operations as identified in the Notice of Intention received, or approved if
applicable, by the Division on the _____ day of _____, 20 ____.

The lands that are covered by this Surety Bond are the Lands Affected by mining
operations as defined and described in the above Notice, and the Mining and
Reclamation Plan if required, subject to terms and conditions of the Reclamation
Contract.

The condition of this obligation is that if the Division determines that Principal has
satisfactorily reclaimed the disturbed lands in accordance with the Mining and Reclamation Plan or
Notice and has faithfully performed all requirements of the Mined Land Reclamation Act, and

complied with the Rules and Regulations adopted in accordance therewith, then this obligation shall be void; otherwise it shall remain in full force and effect. Failure of the Principal to fulfill the obligations specified by the Mined Land Reclamation Act and the Rules adopted there under, and in accordance with the specification of the Principal's Mining and Reclamation Plan or Notice, may result in forfeiture of this bond in accordance with the applicable statutes and regulations.

If the Mining and Reclamation Plan or Notice provides for periodic partial reclamation of the lands affected, and if the lands are reclaimed in accordance with such Plan or Notice, Act and regulations, then Principal may apply for a reduction in the amount of this Surety Bond. In the converse, if the Mining and Reclamation Plan or Notice provides for a gradual increase in the lands affected or the extent of disturbance, then, the Division may require that the amount of this Surety Bond be increased, with the written approval of the Surety. The amount of reclamation surety may also be adjusted as a result of a periodic review by the Division, which shall take into account inflation/deflation based upon an acceptable Costs Index, or at the request of the operator.

This bond may be canceled by Surety after ninety (90) days following receipt by the Division and Principal of written notice of such cancellation. Written notice to the Division and Principal as required by this paragraph shall be provided by certified mail or by a courier service that provides proof of delivery by signature of the recipient. Surety's liability shall then, at the expiration of said ninety (90) days, cease and terminate except that Surety will remain fully liable for all reclamation obligations of the Principal incurred prior to the date of termination.

Principal and Surety and their successors and assigns agree to guarantee said obligation and to indemnify, defend, and hold harmless the Division from any and all expenses (including attorney fees) which the Division may sustain in the collection of sums due hereunder.

Surety will give prompt notice to Principal and to the Division of the filing of any petition or the commencement of any proceeding relating to the bankruptcy, insolvency, reorganization, or adjustment of the debts of Surety, or alleging any violation or regulatory requirements which could result in suspension or revocation of the Surety's license to do business.

Surety is licensed to do business in Utah and is rated by A. M. Best as A- or better or rated as having Financial Performance Rating (FPR) of 8 or better, and is listed in the U. S. Department of Treasury's Circular "570." Upon incapacity of the Surety by reason of bankruptcy, insolvency, or suspension or revocation of its license, or upon failure to maintain the A. M. Best or FPR rating and listing on Circular "570", Principal shall be without adequate bond coverage as required by the Division and shall have 120 days after notice to replace the bond with other bonds acceptable to the Division. If the Principal does not replace this surety bond as required, the Division may order cessation of mining operations and commence actions to enforce its rights against the Surety. The Surety's liability shall continue and the Surety will remain fully liable for all reclamation obligations of the Principal incurred until this surety bond is forfeited, or the conditions of this obligation have been satisfied.

Page 3
MR-SUR
Attachment A
(revised May 24, 2006)

Bond Number _____
Surety NAIC No. _____
Permit Number _____
Mine Name _____

IN WITNESS WHEREOF, the Principal and Surety hereunto set their signatures and seals as of the dates set forth below.

Principal (Permittee)

By (Name and Title typed):

Signature

Date

Surety Company

Surety Company Name

Street Address

Surety Company Officer

City, State, Zip

Title/Position

Phone Number

Signature

Date

Page 4
MR-SUR
Attachment A
(revised May 24, 2006)

Bond Number _____
Surety NAIC No. _____
Permit Number _____
Mine Name _____

SO AGREED this _____ day of _____, 20 ____.

AND APPROVED AS TO FORM AND AMOUNT OF SURETY:

John R. Baza, Director
Utah State Division of Oil, Gas and Mining

*NOTE: Where one signs by virtue of Power of Attorney for a Surety, such Power of Attorney must be filed with this bond. If the Operator is a corporation, the bond shall be executed by its duly authorized officer.

On the _____ day of _____, 20 __, _____
personally appeared before me, who being by me duly sworn did say that he/she, the said
_____ is the _____ of
_____ and duly acknowledged that said instrument was signed on behalf
of said company by authority of its bylaws or a resolution of its board of directors and said
_____ duly acknowledged to me that said company executed the same, and that
he/she is duly authorized to execute and deliver the foregoing obligations; that said Surety is authorized
to execute the same and has complied in all respects with the laws of Utah in reference to becoming
sole surety upon bonds, undertaking and obligations.

Title: _____

STATE OF _____)
) ss:
COUNTY OF _____)

Notary Public
Residing at: _____

_____, 20____.